

**UNITED STATES DISTRICT COURT**  
**DISTRICT OF MAINE**

<b>BARNES-JEWISH HOSPITAL,</b>	)	
	)	
<b>Plaintiff</b>	)	
	)	
<b>v.</b>	)	<b>Docket No. 95-290-P-H</b>
	)	
<b>IDEXX LABORATORIES, INC.,</b>	)	
	)	
<b>Defendant</b>	)	

**MEMORANDUM DECISION ON DEFENDANT’S MOTION FOR PROTECTIVE ORDER**

Now pending is a motion (Docket No. 256), filed by the defendant under seal, seeking a protective order pursuant to Fed. R. Civ. P. 26(c) concerning two documents inadvertently furnished to the plaintiff in discovery but that would otherwise be protected from disclosure as attorney work product. The defendant asks the court to order the plaintiff to return all copies of the documents to the defendant, to expunge from the record all deposition questions posed by the plaintiff while reading from the documents and to direct the plaintiff to ask no further questions about the documents either in subsequent depositions or at trial. For the reasons that follow, the motion is granted in part and denied in part.

**I. The Facts**

The relevant facts are not in dispute. This is a complicated patent infringement case in which the defendant has produced more than 250,000 pages of documents for the plaintiff’s inspection and/or use. Declaration of Maureen D. Kittredge (“Kittredge Decl.”) (Docket No. 259) at ¶ 16. During a particularly intensive period of discovery, between July 11 and July 26, 1997, the defendant produced and/or made available more than 41,000 pages of material in connection with the

deposition of the defendant pursuant to Fed. R. Civ. P. 30(b)(6). *Id.* at ¶ 15; Declaration of Richard B. Thorp (“Thorp Decl.”) (Docket No. 258) at ¶ 5. The two documents presently at issue were produced during this period. Motion at 3. Both were prepared by William Paine, a Boston attorney retained by the defendant in connection with an investigation related to a substantial drop in the price of the defendant’s stock.<sup>1</sup> *Id.* at 2. The first of the documents (hereinafter the “Paine Chronology”) sets forth the results of Paine’s inquiry into the chronology of events. Thorp Decl. at ¶ 9. The second document (hereinafter the “Draft NASD Letter”) is Paine’s draft of a letter he was writing to the National Association of Securities Dealers (“NASD”) on behalf of the defendant concerning his investigation. At the time of its production, the Draft NASD Letter was being circulated to various officers and employees of the defendant for their review and comment. Draft NASD Letter (cover sheet).

The two documents were produced in spite of the defendant’s standard procedure for review of documents prior to their being made available in discovery. This procedure involves an attorney or paralegal personally reviewing every page of all documents prior to their production. Thorp Decl. at ¶ 4. The standard procedure calls for any letter or memorandum to or from an attorney, and any other potentially privileged material, being brought to the attention of an attorney prior to its production. *Id.*

The Paine Chronology was contained in a binder of materials collected by Paine’s firm in connection with the investigation. *Id.* at ¶ 9. Also included in this binder were certain financial

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<sup>1</sup> The defendant has submitted the two documents under seal for *in camera* review by the court. They appear as Exhibits A and B to the Declaration of Todd S. Holbrook (Docket No. 257). Objecting to the *in camera* filing without prior leave of the court, the plaintiff has appended copies of the documents to its memorandum in opposition to the motion (Docket No. 265). The memorandum and exhibits thereto are filed under seal.

documents that Richard Thorp, general counsel to the defendant, regarded as non-privileged and responsive to a pending production request by the plaintiff. *Id.* at ¶ 10. Thorp entrusted the binder to his paralegal, instructing her to copy and produce these financial documents from the binder if she was unable to locate the financial documents elsewhere in the defendant’s files. *Id.* at ¶ 11. Although the paralegal is experienced in matters relating to confidential documents, she apparently misunderstood Thorp’s instructions and produced the entire contents of the binder, including the Paine Chronology. *Id.* at ¶¶ 12, 14.

A second binder, and a different chain of events, led to the inadvertent disclosure of the Draft NASD Letter. In approximately March of 1997 Thorp received a binder of materials from Brad McKinnon, a division vice-president with the defendant. *Id.* at ¶¶ 17, 20. This binder contained documents related to McKinnon’s investigation of what Thorp describes as the defendant’s “inventory situation.”<sup>2</sup> *Id.* at ¶ 19. At some point prior to May 16, 1997 Thorp reviewed the documents in this binder and determined that none were subject to any privilege against disclosure. *Id.* at ¶ 21. Thereafter, it was Thorp’s practice to keep this binder locked inside a cabinet located in his office. *Id.* at ¶ 22. However, he allowed his paralegal to use the binder to copy documents in it, and he also permitted McKinnon to remove the binder from his office on more than one occasion to review its contents. *Id.* at ¶ 23. Neither borrower advised Thorp that any additional documents were being inserted into the binder and, therefore, without conducting another review of the binder’s

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<sup>2</sup> According to the plaintiff, this “inventory situation” involves the veterinary test kits at issue in this litigation and consists of the defendant’s having gone from normal inventory levels in November 1996 to a \$4.5 million backlog by March 1997. The Hospital’s Memorandum in Opposition to Idexx’s Motion for Protective Order (Docket No. 265) at 2. According to the plaintiff, the defendant deliberately created this backlog in anticipation of a possible injunction against further production of the kits, so that it could maintain market share while it sought to “design around” the patent issues raised by this litigation. *Id.* at 3.

contents Thorp caused them to be produced in discovery. *Id.* at 25. He was not aware that someone had inserted the Draft NASD letter into the binder, although McKinnon subsequently stated that he believed he was responsible for inserting the document into this set of materials. *Id.* at ¶¶ 25-26.

Counsel for the plaintiff informed counsel for the defendant by letter dated July 29, 1997 that the plaintiff was in receipt of a potentially privileged document. Letter of G. Harley Blosser, Esq. to Peter Rubin, Esq. dated Jul. 29, 1997, Exh. M. to Kittredge Decl. The defendant's counsel demanded return of any privileged documents by letter dated August 6, 1997. Letter of Peter J. Rubin, Esq. to Paul A. Maddock, Esq. dated Aug. 6, 1997, Exh. N. to Kittredge Decl.

## **II. Discussion**

The plaintiff does not contest the defendant's assertion that the two documents at issue are attorney work product and would therefore not be subject to production in ordinary circumstances. At the outset, it is important to distinguish attorney work product from the attorney-client privilege. A party may waive the attorney-client privilege by disclosing a document to any third party, whereas the same disclosure might not accomplish a waiver of the work product privilege. *Bank Brussels Lambert v. Credit Lyonnais (Suisse) S.A.*, 160 F.R.D. 437, 448 (S.D.N.Y. 1995) (citations omitted). Judge Carter of this court has previously determined that inadvertent disclosure of a document is an automatic waiver of attorney-client privilege, regardless of mitigating circumstances. *F.D.I.C. v. Singh*, 140 F.R.D. 252, 253 (D.Me. 1992). However, in the same case the court decided, albeit without discussion, that the same act of inadvertent disclosure did not effect a waiver of privilege based on the work product doctrine. *Id.* at 254. There does not appear to be any controlling rule in

the circuit.<sup>3</sup> Nor, although this is a patent case, is the court bound by Federal Circuit precedent on this procedural question. *Massey v. Del Labs., Inc.*, 118 F.3d 1568, 1572 (Fed. Cir. 1997) (Federal Circuit applies regional circuit law to procedural questions “not unique to patent law”) (citations omitted).

In general, federal courts have adopted three approaches to the inadvertent disclosure problem: an absolute rule that inadvertent disclosure is always a waiver, a rule that such disclosure never defeats the privilege because waiver requires an intentional relinquishment, and a balancing test that involves the weighing of various relevant factors. *See, e.g., In re Southeast Banking Corp. Sec. & Loan Loss Reserves Litig.*, 1997 WL 541964 at \*5 (S.D.Fla. Aug. 1, 1997) (collecting cases). I agree with the plaintiff that the balancing test most reasonably accommodates the various interests at stake. *See* 8 C.Wright, A. Miller & R. Marcus, *Federal Practice and Procedure*, § 2016.2 at 242 (2d ed. 1994) (balancing test “recognizes the burdens of discovery and the reality that lawyer errors can in some instances waive client privileges.”) (citations omitted).

Under the balancing test, the relevant factors are (1) the reasonableness of the precautions taken to prevent inadvertent disclosure, (2) the amount of time it took the disclosing party to notice its error, (3) the scope of the discovery in the case, (4) the extent of the disclosure and (5) “the overriding interest of fairness and justice.” *Milford Power Ltd. Partnership v. New England Power Co.*, 896 F.Supp. 53, 58 (D.Mass. 1995) (citation omitted);<sup>4</sup> *see also Hydraflow, Inc. v. Enidine Inc.*,

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<sup>3</sup> In arguing to the contrary, the plaintiff relies on *Texas Puerto Rico, Inc. v. Department of Consumer Affairs*, 60 F.3d 867 (1st Cir. 1995). This case establishes only that, with regard to attorney-client privilege, inadvertent disclosure *may* constitute waiver. *Id.* at 883 (citations omitted, emphasis added). The case does not deal with the issue of work product.

<sup>4</sup> The court in *Milford Power* also considered an additional factor that was peculiar to the  
(continued...)

145 F.R.D. 626, 637 (W.D.N.Y. 1993) (citation omitted); Wright, Miller & Marcus, *supra*, § 2016.2 at 242-245 (noting a “relationship among these factors” because “as the volume of discovery mounts so should the efforts to avoid waiver but so also should the court’s understanding that, particularly given the pressures of time, mistakes can happen.”) (collecting cases). In this instance, I regard the reasonableness-of-precautions issue to be the key factor.<sup>5</sup> Concerning the Paine Chronology, it was reasonable for Thorp to have assumed that an experienced paralegal would follow his explicit instructions and copy only financial documents, rather than the chronology, from the binder that contained these materials. It is difficult, if not impossible, to imagine what additional precautions he might have taken in the circumstances. In contrast, disclosure of the Draft NASD Letter is a direct result of Thorp’s failure to examine the contents of the binder containing that document prior to turning them over for duplication and disclosure in their entirety. Such an examination would have been consistent with the defendant’s policy of requiring a person schooled in privilege principles to review everything prior to its production, and would have been a reasonable precaution even in the context of a case involving document production of considerable magnitude. Considering these circumstances in light of the other relevant factors, in particular the overall interests of fairness and justice, I conclude that the defendant has through inadvertence waived its

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<sup>4</sup>(...continued)  
facts of that case, involving prejudice flowing from alleged misconduct by an attorney. *Milford Power*, 896 F.Supp. at 58 and n.5.

<sup>5</sup> Concerning some of the other factors, I make these observations: Particularly in the context of a case that was first filed in 1995, little time had elapsed between the disclosure and the defendants’ demand for return of the documents. The scope of discovery has been extensive. In light of the protective order that governs discovery generally in this case, disclosure of the documents and the information contained therein has been limited, although the plaintiff has used the documents to question several deposition witnesses.

work-product privilege as to the Draft NASD Letter but not the Paine Chronology.

### **III. Conclusion**

For the foregoing reasons, the defendant's motion for protective order is **GRANTED** as to the Paine Chronology but **DENIED** as to the Draft NASD Letter. The plaintiff is directed to return to the defendant all copies of the Paine Chronology in its possession and is prohibited from making use of the information contained therein either in further discovery or at trial except as it may be able to establish that it has come upon the Paine Chronology or information contained therein in some other, non-protected, fashion.

*Dated this 25th day of September, 1997.*

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*David M. Cohen*  
*United States Magistrate Judge*